



2019/2020 DRAFT BUDGET REPORT

31 MARCH 2019

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GLOSSARY

MFMA: Municipal Financial Management Act

MWIG: Municipal water infrastructure grant

GDARD: Gauteng Department of Agriculture and Rural Development

EPWP: Expanded public works programme

FMG: Finance management grant

GIFA: Gauteng Infrastructure Financing Agency

MSIG: Municipal systems improvement grant

RSC: Regional Services Council

WRDM: West Rand District municipality

WRDA: West Rand Development Agency

DoRA: Division of Revenue Act

mSCOA: Municipal Standard Chart of Accounts

MTREF: Medium term revenue and expenditure framework

MMC: Member of Mayoral committee

CPIX: Consumer price index

GDP: Gross domestic product

1. PURPOSE

The tabling of the Draft 2019/ 2020 annual budget.

2. LEGISLATIVE BACKGROUND

Section 16(2) of Municipal finance management Act, 2003 states that the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Section 17 of MFMA further states that

- (1) An annual budget of a municipality must be a schedule in the prescribed format—
 - (a) setting out realistically anticipated revenue for the budget year from each revenue source; (b) appropriating expenditure for the budget year under the different votes of the municipality; (c) setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;
 - (d) setting out—
 - (i) estimated revenue and expenditure by vote for the current year; and
 - (ii) actual revenue and expenditure by vote for the financial year preceding the current year; and (e) a statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.

3. MMC FINANCE REPORT

In preparing this budget, the input of all communities and stakeholders in the West Rand District were consulted as required by chapter 5 of the local government Municipal Systems Act. Strategic alignment of West Rand IDP with National Development Plan, provincial strategic objectives as well as the District vision guided us in the allocation of our available resources to achieve our goals in reducing poverty, unemployment and inequality within our region. The total proposed medium term revenue is R236 million.

West Rand District Municipality received a conditional grant amounting to R1 million through the Division of Revenue Act from the Department of Public works to create sustainable work opportunities for people in our region.

West Rand District Municipality achieved an improved consolidated audit opinion in the 2019/2020 financial year. I must commend the Municipal manager, Chief financial officers, officials and councillors for their hard work to achieve this.

4. BUDGET ASSUMPTIONS

This draft budget was prepared on the basis of implementing the council resolution number 72 for council meeting which was held on 7 December 2018 stating that fire services and municipal health services functions be transferred back to the local municipalities.

The recent CPIX was taken into consideration when determining the inflationary increase in the 2019/2020 fiscal year and the outer years:



VAT- 15%

Prime lending rate- 10.25%

Repo rate- 6.75%

5. BUDGET ALLOCATIONS PER MSCOA

The primary objective of mSCOA is to achieve an acceptable level of uniformity and quality from the collection of data. The data is then used to compile both budgets and financial statements. Budgets and financial transactions are captured in the system using seven segments code. All municipalities and municipal entities must comply by 1 July 2017.

The reasons for National treasury introducing mSCOA at local government are as follows:

- Inconsistencies in financial classifications by municipalities
- Poor data integrity (validity, accuracy and completeness of municipal data was in most cases questionable); and
- Irregular submission of reports to regulatory bodies

Department	Performance	%	Equitable Share	RSC levy	Other Revenue	Total
Vote 1 - Corporate Governance	13,690	13%	5,273	20,574	–	25,847
Vote 2 - Municipal Manager & Support	6,537	6%	2,518	9,825	–	12,343
Vote 3 - Corporate Services	22,476	22%	8,657	33,778	3,838	46,274
Vote 4 - Budget & Treasury Office	32,074	31%	12,355	48,203	6,970	67,528
Vote 5 - Health & Social Development	–	0%	–	–	7,796	7,796
Vote 6 - Public Safety	–	0%	–	–	–	–
Vote 7 - Regional Planning & Economic Development	27,603	27%	10,633	41,484	15,968	68,085
Vote 8 - Development Agency	–	0%	–	–	8,844	8,844
	102,380	100%	39,436	153,864	43,417	236,717

The municipality has compiled the tabled annual budget in terms of mSCOA and has complied with version 6.3. Equitable share has been apportioned in terms of the spending patterns of the department in 2018/2019 financial period.

6. SUMMARY OF THE BUDGET

The total operating and capital expenditure budget appropriation over the 2019/ 2020 to 2021/ 2022 MTREF illustrates as follows:

Table 1: Budget summary

DC48 West Rand - Table A1 Consolidated Budget Summary

Description R thousands	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance							
Property rates	–	–	–	–	–	–	–
Service charges	–	–	–	–	–	–	–
Investment revenue	–	222	222	222	–	824	2,495
Transfers recognised - operational	214,708	228,808	228,808	228,808	205,976	227,053	235,647
Other own revenue	124,887	25,444	25,444	25,444	15,993	12,354	12,768
Total Revenue (excluding capital transfers and contributions)	339,595	254,475	254,475	254,475	221,969	240,231	250,910
Employee costs	168,329	168,329	168,329	168,329	63,531	67,979	72,737
Remuneration of councillors	13,685	13,685	13,685	13,685	14,643	15,668	16,764
Depreciation & asset impairment	8,161	8,161	8,161	8,161	7,000	6,650	6,318
Finance charges	1,486	1,486	1,486	1,486	–	–	–
Materials and bulk purchases	100	100	100	100	200	211	223
Transfers and grants	4,392	12,188	12,188	12,188	12,188	12,640	13,119
Other expenditure	146,042	87,124	87,124	87,124	51,251	45,724	48,239
Total Expenditure	342,193	291,072	291,072	291,072	148,814	148,871	157,400
Surplus/(Deficit)	(2,598)	(36,597)	(36,597)	(36,597)	73,156	91,360	93,511
Transfers and subsidies - capital (monetary allocation)	2,598	22,598	22,598	22,598	14,748	2,906	3,066
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	0	(13,999)	(13,999)	(13,999)	87,904	94,266	96,577
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	0	(13,999)	(13,999)	(13,999)	87,904	94,266	96,577
Capital expenditure & funds sources							
Capital expenditure	43,277	20,000	20,000	20,000	18,200	–	–
Transfers recognised - capital	43,277	20,000	20,000	20,000	12,000	–	–
Borrowing	–	–	–	–	–	–	–
Internally generated funds	–	–	–	–	6,200	–	–
Total sources of capital funds	43,277	20,000	20,000	20,000	18,200	–	–
Financial position							
Total current assets	41,560	41,398	41,398	41,398	20,675	52,727	136,821
Total non current assets	108,316	78,754	78,754	78,754	78,172	71,785	65,751
Total current liabilities	123,325	199,213	199,213	199,213	102,490	32,785	13,095
Total non current liabilities	70,835	70,835	70,835	70,835	74,589	78,691	83,019
Community wealth/Equity	(44,284)	(149,895)	(149,895)	(149,895)	(78,233)	13,037	106,458
Cash flows							
Net cash from (used) operating	51,438	(23,646)	(23,646)	(23,646)	68,200	30,916	82,894
Net cash from (used) investing	(43,277)	(20,000)	(20,000)	(20,000)	(18,200)	–	–
Net cash from (used) financing	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	(118,239)	(50,000)	(50,000)	(50,000)	0	30,916	113,811
Asset management							
Asset register summary (WDV)	122,636	43,122	43,122	43,122	62,592	56,255	50,269
Depreciation	8,161	8,161	8,161	8,161	7,000	6,650	6,318
Renewal and Upgrading of Existing Assets	–	–	–	–	–	–	–
Repairs and Maintenance	1,000	1,000	1,000	1,000	450	475	501

The municipality has presented a draft budget with a difficult task to transfer back the Fire Services & Health functions in order to reduce the overall expenditure with the aim of servicing the needs of the community and provide regional support to our local municipalities through strong district governance. The municipality is currently dealing with firefighting, municipal health services and disaster management functions as unfunded mandates. Presently these two functions are operated at a deficit since the functions were centralized at the district and it appears that funds did not follow the functions. The revenue for such functions is still included in the local municipalities' equitable share allocation. A request was submitted to the Minister of Finance on May 2017 to address and rectify the issue has not yet been addressed in 2019/2020 Division of revenue bill.

The exclusion of the Public Safety and MHS' employee related cost results in the draft budget with a surplus of R 87 million which shows that the two unfunded functions are putting a strain on the municipality financial status.

The municipality has been committed for the last three financial years in optimizing its savings in the following manner:

- Reducing catering at official functions and meetings
- Improved prioritization of expenditure
- Heeding the guidelines of National Treasury Circulars number 93
- Reducing overtime
- Non filling of vacant positions pending implementation of migration policy. Only applicable from Level 3 downwards.
- Implementation of the shared service model

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that services are provided sustainably, economically and equitably to all communities. It is our view that the 2019/2020 financial year should be approached with realism and a tightening fiscal discipline and we believe that we should guard against unrealistic demands and concentrate on our key role of uplifting our communities in the West Rand Region as a whole.

The Municipality's business and service delivery priorities were again reviewed as part of this year's planning and budget process. The municipality strives to deliver sustainable services to its community without overburdening the consumers with excessive service fees with the key priority of government this year being a "back to basics" approach.

7. FINANCIAL PERFORMANCE

Table 2: Budgeted financial performance by revenue and expenditure type

DC48 West Rand - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)								
Description	Ref	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand	1							
Revenue By Source								
Rental of facilities and equipment		1,385	1,385	1,385	1,385	1,038	1,095	1,156
Interest earned - external investments		–	222	222	222	–	824	2,495
Licences and permits		600	600	600	600	–	–	–
Transfers and subsidies		214,708	228,808	228,808	228,808	205,976	227,053	235,647
Other revenue	2	122,902	23,459	23,459	23,459	14,955	11,258	11,613
Total Revenue (excluding capital transfers and contributions)		339,595	254,475	254,475	254,475	221,969	240,231	250,910
Expenditure By Type								
Employee related costs	2	168,329	168,329	168,329	168,329	63,531	67,979	72,737
Remuneration of councillors		13,685	13,685	13,685	13,685	14,643	15,668	16,764
Debt impairment	3	–	–	–	–	3,251	–	–
Depreciation & asset impairment	2	8,161	8,161	8,161	8,161	7,000	6,650	6,318
Finance charges		1,486	1,486	1,486	1,486	–	–	–
Other materials	8	100	100	100	100	200	211	223
Contracted services		133,844	41,497	41,497	41,497	17,535	17,736	18,712
Transfers and subsidies		4,392	12,188	12,188	12,188	12,188	12,640	13,119
Other expenditure	4, 5	12,197	45,626	45,626	45,626	30,465	27,988	29,527
Total Expenditure		342,193	291,072	291,072	291,072	148,814	148,871	157,400
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		2,598	22,598	22,598	22,598	14,748	2,906	3,066
Surplus/(Deficit) for the year		0	(13,999)	(13,999)	(13,999)	87,904	94,266	96,577

Total revenue has materially decreased from R277 million to R236 million affected by the following factors:

- Budget cuts on grants appropriated to local government as per Division of revenue bill, namely:
 - Fire Bridge grant services
 - RSC Levy
 - GDARD

Overall operation grants from both national and provincial decrease from R228 million to R205 million – a decrease of R23 million.

Below is a breakdown of the **contracted services** budgeted for:

Description	Amount R
External Computer Service: Network Extensions	11,595,905
Actuarial valuations	8,000
Vision active	200,000
Rural Asset Management Expenditure	2,748,000
VAT consultants	723,745
Asset verification	857,110
Qualification verification	152,685
Legal fees	799,711
Maintenance of vehicles	450,000
Total	17,535,157

Below is a breakdown of **other expenditure** items for budgeted for:

Description	Amount R
Membership fees	1,800,000
Training	1,000,000
Insurance Underwriting: Excess Payments	500,000
Professional institutes	100,000
WRDA Expenditure	8,541,137
Fuel and oil	1,000,000
Telephone Fax Telegraph and Telex	1,400,000
Municipal charges	6,000,000
Lease of equipment	1,474,215
External Computer Service: Software Licences	4,148,575
Thandeka PR & LM Relations JV	400,000
Trisiano Travel - Travelling Agency	100,000
Audit fees	4,001,400
Total	30,465,327

The municipality's operational expenditure has decreased from R291 million to R148 million due to the following reasons:

- The municipality is committed towards the implementing the circular 82.
- Majority of projects and programmes have been kept on hold until the financial situation of the municipality improves. Only contracted services have been taken into consideration.
- A material decrease in salary and contracted services costs. It should be noted that this is a result of the transfer of Public Safety and MHS functions to the local municipalities.

Table 3: Budgeted financial performance by municipal vote

DC48 West Rand - Table A3 Consolidated Budgeted Financial Performance (revenue and expenditure by municipal vote)							
Vote Description	Ref	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote	1						
Vote 1 - Corporate Governance		95,396	13,690	13,690	25,847	28,749	29,834
Vote 2 - Municipal Manager & Support		7,632	6,537	6,537	12,343	13,729	14,247
Vote 3 - Corporate Services		25,538	22,476	22,476	46,274	51,096	52,938
Vote 4 - Budget & Treasury Office		35,050	32,074	32,074	67,568	75,523	81,559
Vote 5 - Health & Social Development		38,052	33,798	33,798	7,796	8,248	8,727
Vote 6 - Public Safety		102,971	130,282	130,282	-	-	-
Vote 7 - Regional Planning & Economic Development		30,913	27,603	27,603	68,045	60,981	61,836
Vote 8 - Development Agency		6,642	10,613	10,613	8,844	4,811	4,834
Total Revenue by Vote	2	342,193	277,073	277,073	236,717	243,137	253,976
Expenditure by Vote to be appropriated	1						
Vote 1 - Corporate Governance		73,319	17,906	17,906	26,637	27,715	30,213
Vote 2 - Municipal Manager & Support		25,554	24,054	24,054	18,100	18,598	20,480
Vote 3 - Corporate Services		42,332	42,332	42,332	44,922	46,335	50,196
Vote 4 - Budget & Treasury Office		31,242	32,242	32,242	16,789	16,127	17,763
Vote 5 - Health & Social Development		40,137	40,137	40,137	7,796	8,248	8,727
Vote 6 - Public Safety		103,079	103,079	103,079	3,251	-	-
Vote 7 - Regional Planning & Economic Development		20,038	20,038	20,038	22,777	27,233	25,393
Vote 8 - Development Agency		6,492	11,284	11,284	8,541	4,616	4,629
Total Expenditure by Vote	2	342,193	291,072	291,072	148,814	148,871	157,400
Surplus/(Deficit) for the year	2	-	(13,999)	(13,999)	87,904	94,266	96,577

8. GRANTS AND SUBSIDIES

Table 4: Budgeted transfers and grants receipts

DC48 West Rand - Supporting Table SA18 Transfers and grant receipts							
Description R thousand	Ref	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2						
<u>Operating Transfers and Grants</u>							
National Government:		200,112	171,712	171,712	195,380	216,005	224,120
Local Government Equitable Share		34,742	34,742	34,742	39,436	42,397	45,670
RSC Levy Replacement		163,265	134,865	134,865	153,864	172,608	177,450
Finance Management		1,000	1,000	1,000	1,000	1,000	1,000
EPWP Incentive		1,105	1,105	1,105	1,080	–	–
Provincial Government:		14,596	57,096	57,096	10,596	11,048	11,527
Health subsidy		7,796	7,796	7,796	7,796	8,248	8,727
Fire bridgade services grant		–	42,500	42,500	–	–	–
GDARD		4,000	4,000	4,000	–	–	–
Library Grant		2,800	2,800	2,800	2,800	2,800	2,800
Total Operating Transfers and Grants	5	214,708	228,808	228,808	205,976	227,053	235,647
<u>Capital Transfers and Grants</u>							
National Government:		2,598	2,589	22,589	14,748	2,906	3,066
Neighbourhood Development Partnership		–	–	20,000	12,000	–	–
Rural Asset Management(Capital Grant)		2,598	2,589	2,589	2,748	2,906	3,066
Total Capital Transfers and Grants	5	2,598	2,589	22,589	14,748	2,906	3,066
TOTAL RECEIPTS OF TRANSFERS & GRANTS		217,306	231,397	251,397	220,724	229,959	238,713

Total grants and subsidies (including capital grants) as per Division of revenue bill and provincial gazettes amounts to R220 million. This results in a decrease of R31 million as compared to previous year.

9. SUMMARY OF CAPITAL BUDGET

Table 6: Capital budget

DC48 West Rand - Table A5 Consolidated Capital Expenditure Budget by vote and funding -								
Vote Description	R thousand	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional								
<i>Governance and administration</i>		-	-	-	-	6,200	-	-
Finance and administration		-	-	-	-	6,200	-	-
<i>Economic and environmental services</i>		43,277	20,000	20,000	20,000	12,000	-	-
Planning and development		43,277	20,000	20,000	20,000	12,000	-	-
Total Capital Expenditure - Functional	3	43,277	20,000	20,000	20,000	18,200	-	-
Funded by:								
National Government		43,277	20,000	20,000	20,000	12,000	-	-
Transfers recognised - capital	4	43,277	20,000	20,000	20,000	12,000	-	-
Internally generated funds		-	-	-	-	6,200	-	-
Total Capital Funding	7	43,277	20,000	20,000	20,000	18,200	-	-

6.1. The municipality has budgeted for the paving of sidewalks project in the 2019/20 for R12 million.

6.2. The vehicle operating lease contract will be coming to an end in 2019/20 financial year. Based on cost vs benefit analysis the Municipality anticipates an outright purchase of approximately R5.2 million for fleet vehicles which may be needed for service delivery.

10. CASH FLOW

Table 7: Budgeted cash flow

DC48 West Rand - Table A7 Consolidated Budgeted Cash Flows								
Description	Ref	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Service charges		601	-	-	-	-	-	-
Other revenue		124,287	24,859	24,859	24,859	15,993	12,354	12,768
Government - operating	1	214,708	194,611	194,611	194,611	205,976	227,053	235,647
Government - capital	1	2,598	22,598	22,598	22,598	14,748	2,906	3,066
Interest		-	222	222	222	-	824	2,495
Payments								
Suppliers and employees		(284,878)	(260,059)	(260,059)	(260,059)	(156,329)	(199,581)	(157,963)
Finance charges		(1,486)	(1,486)	(1,486)	(1,486)	-	-	-
Transfers and Grants	1	(4,392)	(4,392)	(4,392)	(4,392)	(12,188)	(12,640)	(13,119)
NET CASH FROM/(USED) OPERATING ACTIVITIES		51,438	(23,646)	(23,646)	(23,646)	68,200	30,916	82,894
CASH FLOWS FROM INVESTING ACTIVITIES								
Payments								
Capital assets		(43,277)	(20,000)	(20,000)	(20,000)	(18,200)	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(43,277)	(20,000)	(20,000)	(20,000)	(18,200)	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD								
		8,161	(43,646)	(43,646)	(43,646)	50,000	30,916	82,894
Cash/cash equivalents at the year begin:	2	(126,400)	(6,354)	(6,354)	(6,354)	(50,000)	0	30,916
Cash/cash equivalents at the year end:	2	(118,239)	(50,000)	(50,000)	(50,000)	0	30,916	113,811

The municipality is anticipating that after taking into account all revenue and expenditure transactions that there will be a balanced cash flow from an overdraft opening balance of R50 million.

11. FINANCIAL POSITION

Table 8: Budgeted financial position

DC48 West Rand - Table A6 Consolidated Budgeted Financial Position								
Description	Ref	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand								
ASSETS								
Current assets								
Cash		–	–	–	–	0	19,140	78,172
Call investment deposits	1	–	–	–	–	–	11,777	35,639
Other debtors		41,138	40,931	40,931	40,931	20,183	21,293	22,464
Inventory	2	422	467	467	467	492	519	547
Total current assets		41,560	41,398	41,398	41,398	20,675	52,727	136,821
Non current assets								
Long-term receivables		1,055	1,054	1,054	1,054	1,001	951	903
Investment property		4,980	5,100	5,100	5,100	5,370	5,665	5,977
Investment in Associate		14,579	–	–	–	–	–	–
Property, plant and equipment	3	86,390	57,684	57,684	57,684	56,884	50,233	43,916
Biological		1,312	338	338	338	338	357	376
Other non-current assets		–	14,579	14,579	14,579	14,579	14,579	14,579
Total non current assets		108,316	78,754	78,754	78,754	78,172	71,785	65,751
TOTAL ASSETS		149,876	120,153	120,153	120,153	98,846	124,513	202,573
LIABILITIES								
Current liabilities								
Bank overdraft	1	50,000	50,000	50,000	50,000	–	–	–
Borrowing	4	–	–	–	–	–	–	–
Trade and other payables	4	68,239	144,127	144,127	144,127	97,135	27,135	7,135
Provisions		5,085	5,085	5,085	5,085	5,355	5,649	5,960
Total current liabilities		123,325	199,213	199,213	199,213	102,490	32,785	13,095
Non current liabilities								
Provisions		70,835	70,835	70,835	70,835	74,589	78,691	83,019
Total non current liabilities		70,835	70,835	70,835	70,835	74,589	78,691	83,019
TOTAL LIABILITIES		194,159	270,047	270,047	270,047	177,079	111,476	96,115
NET ASSETS	5	(44,284)	(149,895)	(149,895)	(149,895)	(78,233)	13,037	106,458
COMMUNITY WEALTH/EQUITY								
Accumulated Surplus/(Deficit)		(44,284)	(149,895)	(149,895)	(149,895)	(78,233)	13,037	106,458
TOTAL COMMUNITY WEALTH/EQUITY	5	(44,284)	(149,895)	(149,895)	(149,895)	(78,233)	13,037	106,458

The decrease in non-current debtors relates to payments expected from our local Municipalities with regards to the long-outstanding debt owed to District.

12. BUDGET RELATED POLICIES

Budgeting is central to the process of prioritizing for service delivery and the management of the functions of Council. The District's budgeting process is guided, and governed, by relevant legislation and budget related policies. The following are the key policies that affect, or are affected, by the annual budget:

- Banking and investment policy
- Virement policy
- Credit control and debt management policy
- Supply chain management policy
- Supply chain management for infrastructure policy
- Fleet management policy
- Funding and Reserves Policy
- Budget Management Policy
- Asset management policy
- Unauthorized, irregular or fruitless and wasteful expenditure policy
- Unforeseen and unavoidable expenditure policy
- Revenue enhancement strategy
- Tariff book
- Loss Control Policy

13. RECOMMENDATION

In terms of the Municipal Finance Management Act, 2003 (Act no 56 of 2003), the 2019/2020 draft budget of the District Municipality and the Development Agency be tabled as follows:

- That the operational expenditure budget be R148 million
- That the revenue budget be R236 million
- That the capital budget be R18 million
- That budget related policies be reviewed and workshopped to Councillors